

*OmBda*

15 JUN 1976

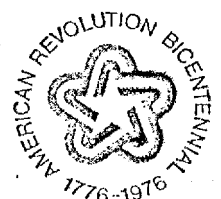
Honorable James O. Eastland, Chairman  
Committee on the Judiciary  
United States Senate  
Washington, D. C. 20510

Dear Mr. Chairman:

S. 495, a bill "to establish certain Federal agencies, effect certain reorganizations of the Federal Government, and to implement certain reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities, and for other purposes," was reported favorably by the Senate Government Operations Committee on 12 May 1976 and was referred to the Senate Judiciary Committee with instructions to report no later than 11 June 1976.

I will limit my comments to those provisions of the bill which directly affect the intelligence community, namely Title III. Section 302 of that title of the bill contains a provision requiring all Federal employees who are compensated at or over the grade of GS-16 salary level to file public financial statements with the Comptroller General. In our view, this provision would intrude unnecessarily into the privacy of Federal employees by imposing on a broad class of employees the obligation of publicly disclosing their financial position regardless of whether their individual responsibilities present an opportunity for conflict of interest or have an economic impact on private financial interests.

Section 304(a)(4) grants the President authority to exempt any individual in certain intelligence agencies, including CIA, or any individual engaged in intelligence activities where required if public disclosure "... would reveal the identity of an undercover agent of the Federal Government." This section further provides that financial statements in these cases be filed with the head of the Agency involved. This Agency views the partial exemption provided in section 304(a)(4) as what is minimally required for the successful conduct of U.S. intelligence activity. However, we believe the exemption does not recognize certain other security considerations of equal and broad significance, not only in the intelligence community, but also in other national security areas.



Many persons in the Government, especially intelligence personnel, have access to highly classified information which would be extremely valuable to a foreign intelligence service and for which foreign services have and would offer large sums of money. Numerous attempts have been made by foreign intelligence services to recruit such employees. The disclosure of the financial status of such personnel would clearly assist the intelligence services of other countries in identifying employees for possible recruitment approach. This consideration applies to all personnel in national security related areas whether or not they are undercover intelligence personnel. As concerns the CIA, Congress has recognized that the Agency's ability to accomplish its unique mission could be jeopardized by the public disclosure of the names and certain other information concerning any of its employees. Accordingly, section 7 (now section 6) of the CIA Act of 1949 (50 U.S.C. 403g) states as follows:

"In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 403(d)(3) of this title that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of any ... law which require(s) the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency...."

The financial disclosure provision in S. 495 would seriously conflict with section 6 of this Act.

For the above reasons, we oppose enactment of Title III of S. 495. Regarding other provisions of the bill, this Agency defers to the Department of Justice and other interested agencies.

The Office of Management and Budget has advised there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

SIGNED

George Bush  
Director

Enclosure

Distribution:

Orig - Addressee	1 - OGC	1 - OLC Subject
1 - DCI	1 - OP	✓ 1 - OLC OMB Liaison
1 - DDCI	1 - OS	1 - OLC Chrono
1 - FR		

PROPOSED AMENDMENT TO S. 495  
(as reported)

On page 86, lines 5-6, strike:

"reveal the identity of an undercover agent of the Federal Government."

and substitute:

"in any manner jeopardize the intelligence activities of such agencies or is otherwise prohibited under existing law."